

**20<sup>th</sup>  
ANNUAL REPORT  
2013-2014**



***SHREE METALLOYS LIMITED***

**TWENTIETH ANNUAL REPORT 2013-14****BOARD OF DIRECTORS**

Pratik R. Kabra	<i>Chairman &amp; Managing Director (DIN:00006358)</i>
Jogesh D. Choksi	<i>Whole-time Director (DIN:00006630)</i>
Devendra P. Jain	<i>Director (DIN:00170775)</i>
Bhupendra Singh Rajput	<i>Director (DIN:00853722)</i>

**AUDITORS**

M/s. Bharadia Maheshwari & Associates,  
Chartered Accountant,  
Ahmedabad

**BANKERS**

Punjab National Bank  
ICICI Bank  
Axis Bank

**REGISTRAR & SHARE TRANSFER AGENT**

MCS Ltd.  
Shatdal Complex,  
Ashram Road,  
Ahmedabad-380009  
Email: mcsahmd@gmail.com

**REGISTERED OFFICE**

A/2, North View Apartment,  
St. Xaviers College Road,  
Navrangpura,  
Ahmedabad -380009  
Email: shreemetalloys@gmail.com

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**NOTICE**

(CIN:L67120GJ1994PLC023471)

NOTICE is hereby given that the 20<sup>th</sup> Annual General Meeting of the members of Shree Metalloys Limited will be held on Monday, 29<sup>th</sup> day of September, 2014 at 2.00 p.m. at Registered office of the company at A/2, North View Apartment, St. Xaviers College Road, Navrangpura, Ahmedabad – 380009 to transact the following business.

**ORDINARY BUSINESS:**

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and Statement of Profits & Loss and Cash Flow Statement for the financial year ended on 31<sup>st</sup> March, 2014 and Report of Directors and Auditors thereon.
- (2) To appoint a Director in place of Mr. Devendra P. Jain who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To re-appoint Auditors of the Company and fix their remuneration.

**SPECIAL BUSINESS**

- (4) Increase in Borrowing power Limit of the Board of Directors on behalf of Company  
**To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-**

“RESOLVED THAT pursuant to the provisions of Section 180 (1) (c) of the Companies Act, 2013 and other enabling provisions, if any, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of moneys for and on behalf of the Company, from time to time from any one or more persons, firms, bodies corporate, bankers, financial institutions, or from others by way of advances, deposits, loans or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties, whether movable or immovable or stock-in process and debts, advances notwithstanding that the sum or sums of moneys so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed shall not exceed Rs.10 crores (Rupees Ten Crores Only) at any point of time on account of the principal.

Regd. Office  
A/2, North View Apartment,  
St. Xaviers College Road,  
Navrangpura, Ahmedabad -380009  
Date : 12/08/2014  
Place : Ahmedabad

By Order of the Board  
For, **Shree Metalloys Limited**

**Pratik R. Kabra**  
Chairman & Managing Director  
DIN: 00006358

**Notes:**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTRERD OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF MEETING.
- 2) All valid proxies must be deposited at the Registered Office of the company at least 48 hours before the commencement of the meeting.
- 3) Members are requested to bring their copies of Annual Report to the meeting.
- 4) Register of members and share transfer books of the company will remain closed from 22/09/2014 to 29/09/2014 (both days inclusive).
- 5) Shareholders desirous of any information on records of accounts are requested to write to the Company before 10 days of Annual General Meeting so as to enable the Management to keep the information ready.
- 6) The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 11.00 a.m. to 5.00 p.m.
- 7) Equity Shares of the Company are available for dematerialisation, as the Company has entered into an agreement with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization services of its Equity Shares. Those Shareholders who wish to hold shares in electronic form may approach their Depository Participant. ISIN No. of the Company's Equity Share is INE914B01012.

**Brief resume of the Director seeking re-election at the 20<sup>th</sup> Annual General Meeting**

Name	Mr. Devendra P. Jain
Age (Date of Birth)	02/11/1968
Date of Appointment	01/10/2008
Qualification and experience in specific functional area	Chartered Accountant doing practice in the field of Finance and Audit, having more than 20 years of experience.
Directorship held in other Ltd. Companies	1. Jindal Worldwide Limited*
Membership/Chairmanships of any Committee in other Companies	1. Jindal Worldwide Limited *

\*Upto August 01, 2014.

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Chairman & Managing Director  
DIN: 00006358

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.**

In conformity with the provisions of Section 102 of the Companies Act, 2013, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No. 4 of the accompanying notice dated 12<sup>th</sup> August, 2014 should be taken as forming part of Notice.

**Item No. 4**

As per the provisions of Section 180(1)(c) of the Companies Act, 2013, and all other applicable provisions, if any, the Board of Directors of a Company cannot borrow money (apart from temporary loans obtained from the company's bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves without the consent of the shareholders by a special resolution in the General Meeting.

The sanction of the shareholder is sought to permit the Board to borrow money in excess of the Company's capital and free reserves. This is permissible under section 180(1)(c), if the shareholders approve it. To enable the Board to borrow in excess of their limit, your Board thinks it necessary to acquire this power and commends passing of this resolution.

The Resolution set out at item No. 4 of the notice is put forth for consideration of the members as a Special resolution pursuant to section 180 (1) (c) of the Companies Act, 2013, authorizing the Board of Directors to borrow upto a sum of Rs.10 Crores.

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

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**Pratik R. Kabra**  
Chairman & Managing Director  
DIN: 00006358

**DIRECTOR'S REPORT**

Dear Members,

Your Directors have pleasure in presenting the 20<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended on 31<sup>st</sup> March, 2014.

**FINANCIAL RESULTS:**

	<b>2013-14</b>	(In Lacs) <b>2012-13</b>
Total Income (Net)	<b>4792.05</b>	4219.66
Total Expenditure	<b>4756.92</b>	4194.91
Gross Profit / (Loss)	<b>35.13</b>	24.75
Less : Depreciation	<b>1.97</b>	2.62
Provision for taxation	<b>10.75</b>	7.22
Earlier Years Tax	<b>0.58</b>	0.15
Deferred Tax	<b>(0.11)</b>	(0.18)
Extraordinary Item (Investment Written off)	<b>10.49</b>	-
<b>Profit / (Loss) after Tax</b>	<b>11.45</b>	14.94

Your directors are confident and optimistic of achieving upward growth and achieving much better results in the coming years.

**DIVIDEND:**

Since the company is on the verge of growth and development your directors are unable to recommend any dividend in the current fiscal.

**MANAGEMENT DISCUSSION AND ANALYSIS AND INDUSTRY OUTLOOK:**

The board of directors believes in the strict compliance of provisions of listing agreement and believes in better corporate governance. The disclosure standards are adhered and boards of directors as well as top management personnel have adopted code of conduct. The disclosures as required under clause 49 of the listing agreement is forming part of this report as a separate annexure in the form of report.

Your directors are in the process of making diversification of its business in the manufacturing and trading metal and other allied activities. Your directors are optimistic of achieving commendable growth in the coming years.

**INSURANCE:**

The company has taken sufficient insurance for the properties against risks of fire, strike, riot and earthquake.

**PARTICULARS OF EMPLOYEES:**

The particulars of the employee of the Company drawing total remuneration of Rs.60,00,000/- per annum or Rs.5,00,000/- per month as required U/S 217 (2A) of the Companies Act, 1956 is Nil.

**FIXED DEPOSITS:**

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of balance sheet.

**DIRECTORS:**

Mr. Devendra P. Jain, Director of the Company, liable to retire by rotation and being eligible offers himself for reappointment.

**DIRECTORS' RESPONSIBILITY STATEMENT - SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:**

The Board of Directors states:

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- 3) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 4) that the Directors had prepared the annual accounts on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:****1) CONSERVATION OF ENERGY :**

- A. Energy Conservation measures taken: The Company gives top most priority to energy conservation.
- B. Additional investment and proposal if any being implemented for reduction in consumption of energy : NIL
- C. Energy consumption in terms of electricity, LDO and Gas NIL.
- D. Total energy consumption and energy consumption per unit of production: NIL.

**2) TECHNOLOGY ABSORPTION :**

- A. Adoption and innovation : N.A.
- B. Research and development ( R & D ) : NIL

**3) FOREIGN EXCHANGE EARNINGS AND OUT GO :****OUT GO**

CIF Value of Import : Rs.44,76,446/-

Expenditure in Foreign Currency : NIL

**EARNING : NIL**

**CORPORATE GOVERNANCE:**

Your directors are pleased to inform you during the year provisions relating to the Corporate Governance as per listing Agreement has become applicable and has complied with the various requirements a report along with certificate is attached forming part of this report.

**AUDITORS:**

The present Auditors of the Company M/s. Bharadia Maheshwari & Associates, Chartered Accountants, Ahmedabad were appointed as Auditors and will retire at the ensuing Annual General Meeting. M/s. Bharadia Maheshwari & Associates, Chartered Accountants have submitted certificate for their eligibility for appointment under section 139 of the Companies Act, 2013. Board of Directors of your Company favour their re-appointment as Statutory Auditors' of the Company and such re-appointment if done, shall be upto the next Annual General Meeting of the Company.

**AUDITORS REPORT AND COMMENTS:**

Relating to qualification cited by auditors, the Board of Directors of the company like to comment as under:-

1. Valuation of investments at cost as stated in note no. 42.

Note no. 42. Company has made investment in certain companies and out of them Advance Bio Chem (India) Ltd., Shree ji Phosphate Ltd., Zora Pharma Ltd., are suspended and delisted at BSE therefore the company has shown investments in shares of these companies under the category of unquoted investment. The management continuously update its information from BSE and is hopeful to realize the value of investment, therefore no provision has been made for the possible diminution in the value of shares held as investment.

2. Non Provision for Depreciation on Plant & Machinery as stated in note no.45.

Note no.45. The Company has not provided any Depreciation on Plant & Machinery during the year, as the company has not started production and even depreciation charged in the year 2009-10, was reversed back in next year i.e. 2010-11. As there was dispute with Paschim Gujarat Vij Company Ltd. (PGVCL), the supplier of power, relating to certain charges in the previous years. The Company has won the case against the PGVCL and pursuing to re-start its power connection. The Company has already incurred certain expenditure to re-start its plant during the year and taking all necessary steps to re-start commercial operation from its existing plant. Once the company starts commercial production, depreciation will be charged as per the applicable rate.

**ACKNOWLEDGEMENT**

Your Directors would like to express their appreciation for the support extended by Bankers and Office bearers of Government Department and Financial Institutions. Your Directors also place on record their deep appreciation of the services rendered by the Officers, staff and workers of the company at all levels. Your Directors also acknowledge the continued invaluable support extended by you - our shareholders- and the confidence that you have placed in the company.

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Chairman & Managing Director  
DIN: 00006358

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**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

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**i) Industry Structure and Development**

The Company is engaged in the business of trading of ferrous, non ferrous and precious metals. The Company intends to extend its area of operations to manufacturing sector of ferrous and non-ferrous metals. The metal industry in which the Company is dealing is recently having trends of volatility and there are very good chances for the Company to develop its area of operation in the metal industry.

Metals sector have always been in the forefront of a nation's economy and India is no exception. Both ferrous and non ferrous metals are equally important towards building up the country's future. Ferrous metals are definitely more in use in India, but at the same time non ferrous metals are also gradually taking the centre stage and the time is not far when it will be regarded as the future. India is one of the richest reserves of all the raw materials required for the metal industry i.e. land, capital, cheap labour, power, coal etc.

**ii) Opportunities and Threats**

For market players of Metal industry, a major cause of volatility is the cost of raw materials, which has been exacerbated by the change from annual to shorter-term price contracts. Shortages in supply have enabled suppliers to re-engineer the pricing mechanisms. However, this has created challenges for market players. They now have to deal not only with the increased volatility in raw material prices, but also with how to maintain margins with fluctuating demand. These developments are significantly affecting the earnings of the Metal industry and try to achieve stability in Metal market.

**iii) Internal Control system and their adequacy**

The Company has adequate system of internal control commensurate with its size and operations to ensure orderly and efficient conduct of the business. These controls ensure safeguard of assets, reduction and detection of frauds and error, adequacy and completeness of the accounting record and timely preparation of reliable financial information.

**iv) Financial performance with respect to operational performance**

The financial performance of the Company for the year 2013-14 is described in the Directors Report.

**v) Human Resources/ Industrial Relations**

Your Company has undertaken certain employees' Development initiative which have very positive impact on the moral and team spirit of the employees. The Company has continued to give special attention to Human Resource/ Industrial Relations development. Industrial relations remained cordial throughout the year and there was no incident of strike, lock-out etc.

**vi) Cautionary Statement:-**

Statement in this Management Discussion and Analysis describing the company's objectives, projections, estimated and expectations are "forward looking statements" Actual results might differ, materially from those anticipated because of changing ground realities

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**CORPORATE GOVERNANCE REPORT 2013-14**

(As required under Clause 49 of the Listing Agreements)

The Directors presents the Company's report on Corporate Governance in accordance with the provisions of clause 49 of the Listing Agreement with stock exchanges.

**THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

Company's philosophy is to constantly achieve business excellence and optimize long term value through ethical business conduct.

Being a value driven organization the Company envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations including everyone it works with, the community it is in touch with and the environment it has an impact. Strong Governance practices by the Company have boosted the level of stakeholder's confidence.

The corporate governance structure in the Company ensures that its Board of Directors is well informed and well equipped to fulfill its overall responsibility by way of providing strategic direction to the senior management, employees, etc. which is needed to meet the aspirations of all stakeholders, including societal expectations. It's initiatives towards adhering to highest standards of governance include: professionalization of the Board; fair and transparent processes and reporting systems. At the highest level the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopt innovative approaches for leveraging resources, converting opportunities into achievements through proper coordination, empowerment and motivation, fostering a healthy all round growth and development to take the Company forward.

**THE BOARD OF DIRECTORS**

The Board consists of 4 Directors showing the fair combination of Executive, Non-Executive and Independent Directors. The directors are different in respect of the knowledge and expertise in the field. Some of the directors are professionals from different field; some are having the vast knowledge and experience of marketing/production.

**(A) COMPOSITION, CATEGORY AND ATTENDANCE OF BOARD OF DIRECTORS**

As on March 31, 2014, the Board of Company consisted of 4 Director out of whom 2 are Non-Executive Directors, 1 is Executive Director comprising Whole time Director designated as Executive Director and 1 is Managing Director. The composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreement. The composition of the Board, number of Board Meetings held, attendance of the Directors at the Board Meetings and last Annual General Meeting and the number of Directorship and Chairmanship/Membership of Committees in other Companies in respect of each Director is given below:

Sr. No.	Name of Director	Category	Attendance Particulars		No. of Directorship(s)/ Committee Membership(s)/Chairmanship(s) of Other Companies		
			No of Board Meeting during FY 2013-14	At AGM held on September 11, 2013	Other Director ship(s)	Committee Member ship(s)	Committee Chairmanship(s)
			Held	Attended			
1.	Mr. Pratik R. Kabra	Managing Director, Non-independent	4	4	Yes	N.A	N.A
2.	Mr. Jogesh D. Choksi	Executive Director	4	4	Yes	N.A	N.A
3.	Mr. Devendra P. Jain	Non-executive, Independent	4	4	Yes	1. Jindal Worldwide Limited*	Nil
4.	Mr. Bhupendra Singh Rajput	Non-executive, Independent	4	4	Yes	1. Mercury Metals Limited	1

**NOTES:**

- Number of Meetings represent the Meetings held during the period in which the Director was Member of the Board.

2. Number of other Directorships indicated above does not include of the Directorships on the Board of private limited companies, foreign companies, companies under Section 25 of the Companies Act, 1956, alternate Directorship and non-corporate institutions.
3. In case of Directors retired/resigned, the status of other Directorship and Committee Membership is on the basis of the last disclosure made by the Director.
4. The details of Committee Memberships considered for the purpose are those prescribed under Clause 49(I)(c)(ii) of the Listing Agreement viz. Audit Committee and Investors' Grievance Committee of public limited and private limited companies which are subsidiaries of public limited companies in terms of Section 3(1)(iv)(c) of the Companies Act, 1956.
5. None of the Directors are related to each other.
6. None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding the positions in other public companies as on March 31, 2014 have been made by the Directors.
7. The independence of a Director is determined by the criteria stipulated under Clause 49 of the Listing Agreement.
8. Mr. Devendra P. Jain held Directorship in Jindal Worldwide Limited, upto 1<sup>st</sup> August, 2014.

**(B) NUMBER OF BOARD MEETINGS HELD AND DATES**

During the financial year 2013-14, the Board of Directors met Four (4) times. The dates of the Meetings were May 29, 2013, July 30, 2013, October 28, 2013, and February 10, 2014. The time gap between two Meetings was not more than 4 months.

**(C) INFORMATION AVAILABLE TO THE BOARD**

During the year 2013-14, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration. The aforesaid information is generally provided as a part of the agenda of the Board Meeting or is placed at the table during the course of the Meeting. The Whole time Director and other senior management staff are also invited to the Board Meetings to present reports on the Company's operations and internal control systems. The detailed agenda is sent to the Directors a week before the Board Meeting. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted to be taken up as 'any other item' with the permission of the Chairman. The Board also periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

**AUDIT COMMITTEE**

Term of reference:

The terms of reference of the Audit committee, as specified by the Board, includes the whole as specified in the clause 49 of the listing agreement, including a review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The committee members are collectively having requisite knowledge of finance, accounts and company law. All Members of the Committee are non-executive and majority of them being independent directors. The committee also recommends the appointment of external auditors and their fees and payments and also takes an overview of the financial reporting process to ensure that financial statements are correct sufficient and credible. The report of the statutory auditors is reviewed along with managements' comments and action-taken reports. The dates of the Meetings were May 29, 2013, July 30, 2013, October 28, 2013, and February 10, 2014. The time gap between two Meetings was not more than 4 months.

\* Composition, Meetings and attendance of the Audit Committee during the year:

Sr. No.	Director	Status	No. of Meetings Attended
01	Mr. B. S. Rajput	Chairman	04
02	Mr. Pratik R. Kabra	Member	04
03	Mr. Devendra P. Jain	Member	04

**REMUNERATION COMMITTEE**

The remuneration committee consists of 3 directors two of them being non-executive directors. The committee recommends the remuneration packages to the Managing/Executive Directors, to the senior officers, employees etc.

Composition :

The Remuneration Committee of the Company comprises of Shri B. S. Rajput, Chairman of the committee, Shri Devendra Jain and Shri Jogesh D. Choksi, as Members of the Committee.